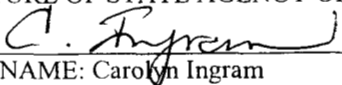



TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 04-009	2. STATE New Mexico
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE August 15, 2004	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.120		7. FEDERAL BUDGET IMPACT: a. FFY 04 (reduction) (\$ 120,535) b. FFY 05 (reduction) (\$ 940,000)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachments: State Supplement A to Attachment 3.1A, pages 15 and 16		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachments: State Supplement A to Attachment 3.1A, pages 15, 16, and 16b	
10. SUBJECT OF AMENDMENT: Item 12 (a) Prescribed Drugs			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Authority <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Delegated to the Medicaid Director. <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Carolyn Ingram, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504	
13. TYPED NAME: Carolyn Ingram		14. TITLE: Director, Medical Assistance Division	
15. DATE SUBMITTED: July 23, 2004		17. DATE RECEIVED: 29 JULY 2004	
FOR REGIONAL OFFICE USE ONLY			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 15 AUGUST 2004		18. DATE APPROVED: 31 AUGUST 2004	
PLAN APPROVED – ONE COPY ATTACHED			
21. TYPED NAME: ANDREW A. FREDRICKSON		20. SIGNATURE OF REGIONAL OFFICIAL: 	
23. REMARKS:		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH	

State Supplement A to Attachment 3.1A

- c. Items must be prescribed by a practitioner licensed to prescribe drugs in accordance with state law.
- d. Drug items for which the use or approve indications may be of questionable medical necessity, highly abusable or recreational in nature are subject to a review or prior authorization to assure the use is medically necessary. Examples of such items are appetite suppressants, central nervous system stimulants, drugs used to treat impotence, items primarily for cosmetic purposes, and items primarily used for personal care or hygiene.
- e. Review or prior authorization may be required for items for which a lesser expensive or therapeutically preferred alternative should be used first. Establishing these therapeutic "step" requirements will be based on published clinical practice guidelines and professional standards of health care in addition to cost.
- f. Coverage of over the counter items is limited to situations where the over-the-counter items may be the drug of choice for common medical conditions and when the over-the-counter item provides an appropriate economical and therapeutic alternative to prescription drug items.
- g. Drug restrictions include dosage, day supply, and refill frequency limits necessary to ensure appropriate utilization or to prevent fraud and abuse. In establishing such limits, professional standards of health care are considered. Exceptions to these limits are allowed where medically justified.
- h. Orphan drugs (drugs used in the treatment of rare diseases), drugs used for unlabeled purposes, and very expensive drugs not routinely stocked in pharmacies may also require review or prior authorization.

SUPERSEDES 91-06

STATE	New Mexico
DATE 89	7-29-04
DATE 89	8-31-04
DATE 89	8-15-04
HCFA 179	04-09

State Supplement A to Attachment 3.1A

- i. Drug items are not covered under the program when:
 - 1. They are included in another provider's reimbursement (example: floor stock medication in a nursing facility already included in the facilities reimbursement.)
 - 2. They are for the purpose of increasing fertility.
- j. Flu and pneumococcal vaccines are covered when prescribed in accordance with the seasonal recommendations of the Public Health Services.

SUPERSEDE FILE 91-06

STATE	New Mexico
DATE RECD	7-29-04
DATE RECD	8-31-04
DATE EP	8-15-04
HCFA 170	04-09